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4 February 1966

MEMORANDUM FOR THE RECORD

SUBJECT: Discussion with Sam Papich Re HEINE-RAUS Case

1. On 2 February 1966 Chief, SR was called by DC/CI Staff [] concerning the HEINE-RAUS Case. [] stated that the FBI was querying about the status of the case through Sam Papich. I briefed Chief, SR on the FBI involvement, after which he called [] and told him that I would be available to brief him at his convenience. When I called [] to set up an appointment he asked me to carry on with [] Accordingly I discussed the case in full detail with [] on 3 February 1966 and later that day we briefed Sam Papich together.

2. Sam stated that RASKAUSKAS (HEINE's lawyer) had visited the Bureau in an effort to find out what the Bureau had on HEINE. He stated that there was an interest at the "desk level" of the Bureau in our involvement with RAUS and some concern over the possibility that we might be engaging in operations which were possibly within the jurisdiction of the Bureau. He felt that it was not yet a serious problem and that if he could be given some ammunition to counter their fears, no flap would ensue. He stated that he had already discussed the case with Larry Houston and had been shown a copy of the affidavit signed by Helms affirming that RAUS had acted on the basis of information supplied to him by CIA and had acted within the purview of his Agency employment.

3. Papich was not aware of the fact that we had previously sent a number of memoranda (CSCI) to the Bureau on the HEINE-RAUS case, including one in January 1965 advising the Bureau that HEINE was suing RAUS and stating further that RAUS was an occasional contact of the Agency. We clarified that point for Papich and then explained to him that our original involvement with RAUS was merely as an informant on Estonian emigre groups, with particular reference to relationships of U.S. based groups with Estonian emigres in Sweden and Germany. We were certainly not involved in any way, shape, or manner in CE operations with RAUS or his group. We had discussed the HEINE case with him and with other Estonian emigre leaders, since they had asked us for advice as to whether they should give HEINE a warm reception as an Estonian patriot or a cool reception as a suspect agent. RAUS had acted somewhat rashly in denouncing HEINE in such a manner as to open himself to the suit for slander, but we had had no choice except to help RAUS in his defense. The solution decided on jointly by the Agency (particularly Office of General Counsel) and RAUS' lawyers was arrived at

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as the only alternative to assure that HEINE could not win his suit and thereby be armed with more powerful propaganda weapons against the Agency.

4. At the conclusion of our discussion Papich said that he had all he needed to put out the small fire in the Bureau, and he felt sure that the "desk level" would be completely satisfied. There was no discussion of a written memorandum being required.

[]
SR/O/AC

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